

This document is for informational purposes only.
ARB/Districts will determine project eligibility.

Increasing Participation in the Carl Moyer Program: Proposed Changes to the Methodology Used to Determine Surplus and Expanding Opportunities to Fleets in Compliance

The Carl Moyer Program was created to provide grants to offset the incremental cost of projects that provide emission reductions that would not be achieved by other means. The Health & Safety Code directs the Air Resources Board (ARB) to oversee the Carl Moyer Program by managing program funds; developing guidelines, protocols, and criteria for covered vehicle projects; and determining methodologies used for evaluating project cost-effectiveness. One aspect of developing the guidelines is to determine project eligibility that ensures emission reductions which are considered “surplus” (Health & Saf. Code § 44287(a)). Emission reductions are considered surplus when they are neither claimed by or subject to any “local, state, or federal statute, rule, regulation...” (Health & Saf. Code § 44281(b)).

In implementing the Moyer program, the Board has added policy overlays that prioritize the Carl Moyer Programs funds towards specific project types. These policy overlays include limiting fleets eligibility for funding only once after a regulation’s initial compliance date; prioritization of funding for smaller fleets and small businesses; and other limitations. However, in considering changes to the Carl Moyer Program Guidelines, staff is reevaluating these policy overlays to ensure that the program continues to meet its core objectives.

Staff will propose changes to the methodology used to determine surplus emission reductions and modifications to policy overlays that should result in expanding funding opportunities.

Allow More than One Funding Opportunity to Fleets that are in Compliance

Staff is proposing to revise one policy overlay that limits the funding eligibility for regulated fleets. Fleets that are currently within a compliance schedule for a regulation (the first compliance deadline has passed) are allowed only one opportunity to receive incentive funds. Staff proposes to revise this policy overlay. This revision would allow fleets more than one funding opportunity after the first compliance deadline has passed as long as the fleets can demonstrate compliance with all in-use regulatory requirements.

Surplus Emission Reduction Methodology

The following describes 1) the current methodology that ARB staff uses to determine whether project categories result in surplus emission reductions and 2) the staff’s proposed methodology to determine surplus emissions in the future. The proposed methodology would provide more funding opportunities than the current, more conservative method, while still ensuring surplus emission benefits are achieved.

The following describes the current methodology and the proposed methodology used to determine surplus emission reductions.

1. Current Methodology

Currently, ARB staff uses two components to determine whether a project is considered to achieve surplus emission reductions. The two components consist of the following:

- The compliance dates for the regulation for a fleet.
- The emissions benefit analysis for the particular regulation.

A project is considered to result in surplus emission reductions if:

- The fleet does not have a compliance deadline within a minimum project life (e.g., large on-road fleets are required to have a minimum 3 year project life. If the next compliance date is 3+ years from the in-service date of the equipment, then the project for this fleet would qualify);

And

- The emission benefit analysis does not already assume the project type has already occurred (i.e. the Truck and Bus Regulation requires a retrofit. The emission benefit analysis assumes that some fleets would replace a truck rather than install a retrofit. The Moyer Program would assume that 100% of the fleets would replace rather than retrofit, resulting in no surplus emission benefits).

2. Proposed Methodology

Under the proposed methodology, staff will use the compliance dates and actual regulatory requirements to determine whether a project achieves surplus emission reductions (e.g. Moyer requires a large on-road fleet to have a minimum 3 year project life. If the next compliance date is 3+ years from the date of funding, then the project for this fleet would be eligible for funding).

A project would achieve surplus emission reductions if:

- The fleet is not required to meet a compliance deadline within a minimum project life

And

- The project meets any policy overlay requirements

On-Road Example: Small Fleet

A small fleet owner would like to replace an older truck with a newer truck and is seeking Carl Moyer Program Funding to help offset part of the cost of the replacement truck. The older truck is required to be retrofitted by January 1, 2014 and replaced by January 1, 2020.

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Example
Small On-Road Fleet
(Fleet Modernization and On-Road Voucher Incentive Program)

Current Methodology: Final Funding Opportunities		
First Compliance Date ^{1,2}	Final Compliance Date	Last Funding Date ³
January 1, 2014	January 1, 2020	December 31, 2011
Proposed Methodology: Final Funding Opportunities		
First Compliance Date	Final Compliance Date	Last Funding Date
January 1, 2014	January 1, 2020	December 31, 2017

¹ First/interim and final compliance dates depends on the baseline model year of the truck

² Based on Truck and Bus Regulation amendments considered by the Board in December 2010

³ A project must be funded 2 years prior to the first/interim and final compliance deadlines

The current methodology restricts funding because the regulatory emission benefit analysis assumes that a percentage of the older trucks will be replaced rather than retrofitted by January 1, 2014. As a result, the regulatory emission benefit analysis assumes reductions that result from the replacement sooner than required.

However, under the new proposed methodology, fleets would have an extended period of time to apply for funds as a result of basing their eligibility solely on their compliance dates rather than the reductions claimed within the regulatory emission benefit analysis.

Off-Road Example: Medium Fleet

A medium fleet owner subject to the Off-Road In-Use Diesel Rule would like to replace an older piece of equipment with a new piece of equipment and is seeking Carl Moyer Program Funding to help offset part of the cost of the equipment.

Example
Medium Off-Road Fleet

Current Methodology: Final Funding Opportunities		
First Compliance Date ¹	Final Compliance Date	Last Funding Date
January 1, 2017	January 1, 2023	December 31, 2013 ²
Proposed Methodology: Final Funding Opportunities		
First Compliance Date	Final Compliance Date	Last Funding Date
January 1, 2017	January 1, 2023	December 31, 2019

¹ Based on In-Use Off-Road Diesel Regulation amendments considered by the Board in December 2010

² The fleet owner must show 3 years early compliance after this date in order to be eligible for funding. Funding is only available for the fleet owner once after this date.

In order to be eligible for funding under the current methodology, the applicant must show its fleet is compliant with the rule 3 years early, and the applicant can only apply for funding once. The proposed methodology requires only that the applicant's fleet currently be in compliance with the regulation. The applicant's fleet is eligible for funding for equipment in excess of the compliance requirement 3 years in the future.

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Under changes being considered by staff, the applicant could also reapply for funding in future years as well, through 2019.

April 2011 Public Meeting

Staff will present these changes to the Board for consideration in April 2011. The Board would still have the ability to implement additional funding policy overlays, such as prioritizing funding towards small fleets.